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# Guest Editor's Column: Preparing for Reauthorization of the Higher Education Act

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### **Cover Page Footnote**

Laura W. Perna is James S. Riepe professor, executive director of the Alliance for Higher Education and Democracy (AHEAD), and president of the Association for the Study of Higher Education (ASHE).

## Guest Editor's Column:

### Preparing for Reauthorization of the Higher Education Act

By Laura W. Perna

With higher levels of education come numerous benefits to individual participants and our society. Compared with individuals with lower levels of attainment, individuals who earn a college degree average higher earnings, lower rates of unemployment and poverty, more pleasant working conditions, and longer and healthier lives (Baum, Ma, & Payea, 2013). Our communities, states, and nation also benefit when higher education attainment increases. With higher levels of education come a higher tax base, less reliance on social welfare programs, and greater civic and political engagement (Baum, Ma, & Payea, 2013).

Despite the many individual and societal benefits, educational attainment in the United States has fallen behind that of other nations. In 2012 only 34% of U.S. adults aged 25 to 34 had earned the equivalent of a bachelor's degree, compared with 40% or more of adults aged 25 to 34 in Norway, Poland, Netherlands, United Kingdom, and Korea (Cahalan & Perna, 2015).

Moreover, considering only the average level of attainment in the United States masks the substantial differences that persist across groups. Students from low-income families are less likely than students from higher-income families to enroll in college, and even when they do enroll, they are less likely to complete a degree. Moreover, gaps in attainment are growing. Bachelor's degree attainment rates have increased over time for individuals from high-income families, but remained relatively unchanged for students from low-income families (Cahalan & Perna, 2015). The United States cannot reach the level of educational attainment that is required for international competitiveness without closing gaps in attainment across demographic groups (Perna & Finney, 2014).

Public policy is the primary mechanism that a government may use to maximize the societal benefits of higher education and close gaps in attainment across groups (Perna & Finney, 2014). For the federal government, the most important policies designed to accomplish these goals are those that pertain to the student financial aid programs authorized under Title IV of the Higher Education Act of 1965. Signed into law 50 years ago by President Lyndon Johnson, the Higher Education Act is now in the early stages of its next reauthorization.

This special issue of the *Journal of Student Financial Aid* recognizes this important moment. Together, these papers offer useful reflections on noteworthy contributions of the student financial aid programs authorized under Title IV of the Higher Education Act. In addition, they identify changes that should be made in the next reauthorization to both maximize the public benefits of higher education (by increasing the nation's overall higher education attainment) and level the playing field for higher education opportunity (by reducing the financial barriers to college access, choice, and completion).

The federal government has invested considerable resources in the student financial aid programs authorized under Title IV of the Higher Education Act. In 2013-14, more than \$145 billion was awarded to undergraduate and graduate students through federal grant, loan, and work-study programs. The federal

student aid programs provided more than half (59%) of the aid awarded to undergraduate students in 2013-14 in all forms (including tax credits and deductions) and from all sources (federal, state, institutional, private sector). Federal financial aid programs include federal loans (34%), Federal Pell Grants (18%), other federal grants (7%), and Federal Work-Study (less than 1%; College Board, 2014). The federal government is also an important source of aid for graduate students, with 61% of all aid to graduate students in the form of federal loans, 3% in the form of federal grants, and less than 1% in the form of Federal Work-Study (College Board, 2014).

As observed by the papers in this volume, the federal government's investment in these programs has certainly had positive effects on college enrollment, choice, and completion, especially for students from low-income families. The Federal Pell Grant has been especially important to expanding access for students from low-income families (as described by Sandy Baum). Federal student aid has also played an important role over time in reducing the net price of college (as described by Judith Clayton-Scott). Less is known about the effects of loans on students' college-related outcomes, as the available research is marked by inconsistent findings and methodological limitations (as described by Nicholas Hillman).

While acknowledging the many positive contributions of the federal student aid programs, the authors draw from the best available research to identify changes that should be made to the authorizing federal legislation to more fully realize the benefits of the taxpayers' investment. Sandy Baum and Judith Scott-Clayton call for changes that simplify financial aid application processes, increase the predictability of Pell Grant awards, provide personalized assistance to students with their choice of institution and program of study, and incentivize not only enrollment but also completion. Ashley Arceneaux and F. King Alexander recommend changing the methodology used to allocate federal campus-based aid to higher education institutions and creating a federal-state partnership that incentivizes state appropriations to public higher education institutions.

Whether Congress will take the actions required to make these changes is, of course, yet to be seen. As explained in Charlotte Etier's review of the book *Using Research Evidence in Education, from Schoolhouse Door to Capitol Hill*, various challenges limit the use of research to inform K-12 educational policymaking. Dan Madzelen sheds light on the prospect of changes in federal higher education policy during the current reauthorization by reflecting on the changes Congress has made over time to the federal financial aid application process and other federal policy concerns (e.g., institutional quality and student safety). Megan McClean Coval offers examples of how NASFAA has engaged in the reauthorization process to advance policy priorities that are of particular interest to higher education institutions.

As Don Hossler and Jihye Kwon show in their paper, changes in the federal student financial aid programs have implications for institutional financial aid decisions and institutional financial aid offices themselves. Judith Scott-Clayton encourages higher education institutions to ensure the sufficiency of staff for financial aid offices, communication between financial aid and academic advising offices, and counseling about the appropriate use of loans. Brittany Inge, Pamela Fowler, and Jacob Gross urge financial aid administrators to proactively consider, and plan for in advance, the potential implications of changes in financial aid policy.

The federal student financial aid programs that are authorized under Title IV of the Higher Education Act are not the only programs that require renewed attention if the United States is to create meaningful improvements in higher education attainment and close the gaps in attainment that persist across groups. Achieving these goals also requires attention to the forces that influence students' academic readiness for college-level work, the information that students and families have about college and related requirements, the supports that are available to promote the transition into and persistence to program completion, and the ability of students to transfer between academic institutions without loss of credit (Perna & Finney,

2014). Improving college affordability requires attention not only to federal student aid policies but also to state policies pertaining to higher education appropriations and state-sponsored student aid, institutional financial aid policies, and tuition-setting policies (Perna & Finney, 2014).

Although only one force that influences college enrollment and completion, the federal student financial aid programs authorized under Title IV of the Higher Education Act play an essential role. In his introduction to this volume, Jacob Gross observes that in this reauthorization of the HEA we have the opportunity to create substantive change in higher education financing and how students meet their college costs. The papers in this special issue offer useful insights for federal policymakers and institutional financial aid administrators about the changes that are required in order for federal student aid programs to more completely achieve a goal that has critical implications for individuals and society: ensuring that insufficient financial resources are not a barrier to college access, choice, and completion.

*Laura W. Perna is James S. Riepe professor, executive director of the Alliance for Higher Education and Democracy (AHEAD), and president of the Association for the Study of Higher Education (ASHE).*

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